

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:

PG&E CORPORATION,

-and-

**PACIFIC GAS AND ELECTRIC
COMPANY,**

Debtors.

Bankruptcy Case
No. 19-30088 (DM)
Chapter 11
(Lead Case)
(Jointly Administered)

**SECOND SUPPLEMENTAL
DECLARATION OF TIMOTHY
GILLAM IN SUPPORT OF THE
APPLICATION OF DEBTORS FOR
AUTHORITY TO RETAIN
DELOITTE & TOUCHE LLP FOR
INDEPENDENT AUDIT AND
ADVISORY SERVICES *NUNC PRO
TUNC* TO THE PETITION DATE**

Related: Docket Nos. 2197, 2198, 3128,
3190

Place: United States Bankruptcy Court,
Courtroom 17, 16th Floor
San Francisco, CA 94102

I, Timothy Gillam, under penalty of perjury, declares as follows:

1. I am a partner of the firm of Deloitte & Touche LLP (“**Deloitte & Touche**”), which has an office at 555 Mission Street, Suite 1400, San Francisco, California 94105. I am duly authorized to make and submit this supplemental declaration (the “**Declaration**”) on behalf of Deloitte & Touche as independent auditor and advisor for PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “**Utility**” and together with PG&E Corp., the “**Debtors**”) supplement the disclosures contained in my original declaration (the “**Original Declaration**”), attached as Exhibit A to the *Debtors’ Application for Entry of an Order Authorizing the Retention and Employment of Deloitte & Touche LLP as Independent Auditor and Accounting Services Provider Nunc Pro Tunc to the Petition Date* [Docket Nos. 2197, 2198] (the “**Application**”)¹ and supplemental declaration filed in further support of the Application [Docket No. 3128] (the “**Supplemental Declaration**”).²

2. As discussed in paragraph 10 of the Original Declaration, I stated that as additional material information was discovered, Deloitte & Touche would supplement the Original Declaration. The disclosures set forth below are subject to the statements and qualifications made in the Original Declaration and Supplemental Declaration, which are incorporated herein by reference.

3. The statements set forth in this Declaration are based upon my personal knowledge, information and belief, and/or client matter records kept in the ordinary course of business that were reviewed by me or other personnel of Deloitte & Touche or its affiliates.

¹ Capitalized terms used but not otherwise defined herein have the meanings given to them in the Application or Original Declaration.

² On June 10, 2019, the Court entered an order approving the Application [Docket No. 3190].

Additional Disclosures

4. As stated in the Original Declaration and Supplemental Declaration, Deloitte & Touche conducted a series of extensive searches to identify relationships with Potential Parties-in-Interest in these cases. In its continued effort to identify such relationships, Deloitte & Touche conducted checks of certain additional names of Potential Parties-in-Interest provided by the Debtors. Accordingly, by this Declaration, I am supplementing Schedule 1 to the Original Declaration with the inclusion of the entities listed on Exhibit A hereto. Certain entities included on Exhibit A are affiliates of the Potential Parties-in-Interest listed on Schedule 1 for whom Deloitte & Touche and/or its affiliates has provided or is currently providing services in matters unrelated to the chapter 11 cases, or with whom Deloitte & Touche and/or its affiliates has other relationships, including banking relationships.

5. Paragraph 11(c) of the Original Declaration is hereby updated to include the following law firms: Davis, Polk & Wardwell LLP; Hunton & Williams LLP; Jackson Lewis P.C.; Mayer Brown LLP; Milbank Tweed Hadley & McCloy LLP; Miller & Chevalier Chartered; Moss Adams LLP; Nixon Peabody LLP; Norton Rose Fulbright US LLP; Nossaman LLP; Paul Hastings LLP; Pillsbury LLP; Sidley Austin LLP; Sheppard, Mullin, Richter & Hampton, LLP; Simpson Thacher & Bartlett LLP; Troutman Sanders LLP; White & Case LLP; Wilmer Cutler Pickering Hale & Dorr LLP; and Winston & Strawn LLP.

6. In addition, paragraph 11(d) of the Original Declaration is hereby updated to include the following financial institutions: Citigroup; Citigroup Energy Inc.; JPMorgan Ventures; and Wells Fargo LLC.

Engagement Agreements

7. As stated in the Original Declaration, the Debtors and Deloitte & Touche entered into

certain Engagement Agreements, including the Base Audit Engagement Letters and the Trust Audit Engagement Letter, pursuant to which Deloitte & Touche has been providing services to the Debtors. So that Deloitte & Touche may continue to perform the services provided in these Engagement Agreements for the Debtors for a subsequent period, the parties entered into: (i) that certain engagement letter, executed on January 17, 2020 (the “**2020 Base Audit Engagement Letter**”), for the integrated audit of the Debtors’ financial statements for the year ending December 31, 2020; and (ii) that certain engagement letter, executed on January 17, 2020, for the audit of the respective financial statements of certain trusts of the Utility for the year ended December 31, 2019 (the “**2019 Trust Audit Engagement Letter**”), copies of which are attached hereto as Exhibit B.

8. As set forth more fully in the 2020 Base Audit Engagement Letter and the 2019 Trust Audit Engagement Letter, Deloitte & Touche has agreed to perform independent audit and accounting advisory services for the Debtors in accordance with the terms and conditions set forth in these respective agreements, as requested by the Debtors and agreed to by Deloitte & Touche, as follows:

- (i) **2020 Base Audit Engagement Letter.** Pursuant to the terms of the Base Audit Engagement Letters, for the Debtors, Deloitte & Touche will perform an integrated audit in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) (United States) (the “**PCAOB Standards**”). Deloitte & Touche will express opinions on (1) the fairness of the presentation of the Debtors’ consolidated financial statements for the year ending December 31, 2020, in conformity with accounting principles generally accepted in the United States of America (“generally accepted accounting principles”), and (2) the effectiveness of the Debtors’ internal control over financial reporting as of the aforementioned year end period.
- (ii) **2019 Trust Audit Engagement Letter.** Pursuant to the terms of the Trust Audit Engagement Letter, for the Nuclear Facilities Non-Qualified CPUC Decommissioning Master Trust, the Nuclear Facilities Qualified CPUC Decommissioning Master Trust, and the Nuclear Facilities Qualified FERC Decommissioning Master Trust of the Utility, Deloitte & Touche will perform audit services, as contemplated therein, and express opinions on the fairness of the presentation of the applicable entity’s financial statements for the year ended December 31, 2019, in conformity with generally accepted accounting

principles.

9. Pursuant to the 2020 Base Audit Engagement Letter, Deloitte & Touche agreed to bill the Debtors periodically with respect to the audit services performed thereunder, except for Out-of-Scope Services (as defined below). Deloitte & Touche will bill its fees for the audits of each Debtors' financial statements, the reviews of the related interim financial information, the audits of each Debtor's internal control over financial reporting, and the Utility's FERC Form 1 audit for the year ending December 31, 2020 at the following hourly rates:

| Professional Level | Hourly Rates |
|---|--------------|
| Partner / Principal / Managing Director | \$410 |
| Senior Manager | \$350 |
| Manager | \$310 |
| Senior | \$260 |
| Staff | \$210 |
| Junior Staff | \$190 |

10. Pursuant to the 2020 Base Audit Engagement Letter, the Debtors may request, and Deloitte & Touche may agree to provide, additional services that were not contemplated as part of the base audit but pre-approved by the parties (collectively, the "**Out-of-Scope Services**"), as follows:

- (i) Accounting consultations on accounting and financial reporting matters, which are pre-approved for the year ending December 31, 2020 up to \$25,000 for PG&E Corp. and up to \$75,000 for the Utility.
- (ii) The issuance of a (1) "comfort letter" related to anticipated offerings of debt or equity during 2020, which will be \$45,000 per letter; or (2) consent letter for the reissuance of reports during 2020, which will be \$25,000 each time a consent is required.
- (iii) Out-of-scope audit procedures (including services provided in connection with statutory or regulatory filings, engagements and regulatory reviews of audit workpapers, specific transactions/accounting, reporting on critical audit matters, adoption of new accounting pronouncements, internal controls surrounding new applications, systems or activities, and changes in laws or regulations in the current year), which will be billed based on the time spent

on such services at the rate of the professional performing the service, as noted below.

- (iv) Other audit-related services (including agreed-upon procedures, advice and recommendations regarding proposed transactions, adoption of new accounting pronouncements, internal controls surrounding new applications, systems or activities, and training in a future year), which will be billed based on the time spent on such services at the applicable rate of the professional performing the services, as noted below.

11. The Out-of-Scope Services referenced in paragraph 10(iii) and (iv) above will be billed at the following hourly rates:

| Professional Level | Hourly Rates |
|---|--------------|
| Partner / Principal / Managing Director | \$810 |
| Senior Manager | \$700 |
| Manager | \$610 |
| Senior | \$510 |
| Staff | \$410 |
| Junior Staff | \$370 |

12. Pursuant to the terms of the 2019 Trust Audit Engagement Letter, Deloitte & Touche agreed to bill the Debtors periodically with respect to the services performed thereunder. The fees for such services will be \$75,000, plus expenses.

13. The facts set forth in this Declaration are true and correct to the best of my knowledge, information, and belief.

Dated: January 29, 2020
San Francisco, California



Timothy Gillam
Partner
Deloitte & Touche LLP